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Overtime policy plan for salaried workers draws mixed reviews

Posted by: Jack Weatherly in Govt/Politics, MBJ FEATURE, Money, NEWS July 9, 2015

By JACK WEATHERLY

The U.S. Department of Labor is planning to more than double the pay threshold to \$50,440 from \$23,660 for salaried workers who are exempt from overtime.

About 5 million will be directly affected by change, which is expected to go into effect next year, according to the department.

In introducing the rules change, which does not require congressional approval, President Barack Obama said:

"Right now, too many Americans are working long days for less pay than they deserve. That's partly because we've failed to update overtime regulations for years — and an exemption meant for highly paid, white collar employees now leaves out workers making as little as \$23,660 a year — no matter how many hours they work."

Proponents say the threshold, designed to exempt highly paid white-collar workers, hasn't seen significant change for more than 40 years.

Employers say they will be saddled with more costs while the nation is trying add jobs to an economy that is still feeling the after-effects of a recession that officially ended in 2009.

And while unemployment in the United States dropped to 5.3 percent in June compared with a high of 10 percent in October 2007, much can be explained because many people stopped looking for work.

The June figures "capture the persistently uneven nature of "the job market's recovery from the Great Recession," the Associated Press reported, adding that "flat wage growth suggested that many employers may see no need to raise pay to attract or retain qualified workers."

Mississippi's unemployment rate crept up to 6.7 percent in May, 46th in the nation, from 6.6 percent in April, ending five straight months of falling joblessness rates.

The overtime proposal was posted Monday in the Federal Registry, kicking off a 60-day comment period. Comments can be posted at www.regulations.gov until Sept. 4.

Pepper Crutcher of the Balch and Bingham firm in Jackson, who says he practiced management law for more than 30 years until switching to Affordable Care Act compliance, believes there will be no clear winners and losers in the application of the new rules.

Crutcher broke it down along political lines.

"The Democrats have a built-in incentive to exaggerate the aggregate wage gains that will be created by this heightened salary requirement," and resulting demand that will jump-start the economy.

Republicans, on the other hand, say the plan is a business killer and at best it will result in passing costs along to consumers, "which will actually depress the economy."

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SPORTS MEDICINE CENTERS LIST

40 sports medicine clinics who are members of the Mississippi Orthopaedic Society. List is ranked alphabetically by city and includes clinic, address and phone number.

Sports Medicine Clinics & C

Ranked by city

Clinic	Address
KDMC Sports Medicine & Orthopaedic Center	1014 Big
The Columbus Orthopaedic Clinic	670 Leij
Magnolia Ortho & Sports Med Clinic	611 Azo
Plastic & Hand Surgery Associates	2550 Pz
Capital Orthopaedic & Sports Medicine Center	290 E.L

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"What I'm saying is that this is like squeezing a balloon. Does it get bigger, does it get smaller? No, it just changes shape."

"Employers look for work-arounds," he said. A manager now being paid a \$35,000 or \$40,000 is going to have a lot more hassle at work because his employer is going to be paying a lot more attention to what he does with his time."

Another option — "and this is not without legal risks" — is to convert the salary rate into the equivalent hourly rate.

Employers will look for places to trim their labor-cost budgets. That can mean shifting insurance costs to employees, cutting back on vacations and holidays and holding off on hiring. "They're not going to go to profits to get the money till they exhausted all other avenues."

Blake Wilson, president and chief executive of the Mississippi Economic Council, the state chamber of commerce, agrees that businesses will manage their costs.

But they will be pushed toward a "punch-clock," "widget-making" mentality that will not fit well, especially with the millennial generation.

"You're talking about young managers moving up, primarily. Millennials, who are used to having a lot of flexibility in their time, are going to end up in a punch-clock environment. Businesses are going to manage their costs. They're not going to have overtime; they're going to limit it. And the end of the day this is going to be a zero-sum game" in which neither side wins.

Jennifer Hall of the Jackson office of Baker Donelson, which operates in 19 cities, said the law firm held a webinar on Monday that attracted 360 firms.

The Mississippi Employment Security Department said it could offer no information on the number of people who might be affected by the change.

But one of Hall's clients, a chain of gas stations that is based in Tennessee but has a significant presence in Mississippi, has about 800 employees whose pay and duties would qualify them for the rules change.

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VISION CENTERS LIST

List of vision centers in Mississippi as provided by the Mississippi Optometric Association. Ranked alphabetically by city. List includes clinic, address, phone, website where available, and optometrists.

Vision Centers

Table with 4 columns: Clinic, Address, Phone, Website. Lists vision centers in Aberdeen, De R. R. Lacey, Steve Randle, The Vision Center, and Batesville.

List in alphabetical by city. Information from the Mississippi Optometric Association. For questions, contact Frank Brown at...

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